

593 0033
Rec'd 1/54/63

**RECREATION RESIDENCES
THE MANAGEMENT OPTIONS**

**William R. (Bob) Barwick
Realty Specialist
803 West Park Street
Butte, MT 59702
Telephone No. (406) 782-0755**

CLEMSON CLASS OF 1990

March 30, 1991

This paper was prepared as a student project in partial fulfillment of the requirements of the professional development for Outdoor Recreation Management Program at Clemson University. It in no way reflects USDA Forest Service policy, nor are the opinions expressed those of anyone other than the author.

**RECREATION RESIDENCES
THE MANAGEMENT OPTIONS**

**William R. (Bob) Barwick
Realty Specialist
803 West Park Street
Butte, MT 59702
Telephone No. (406) 782-0755**

CLEMSON CLASS OF 1990

March 30, 1991

This paper was prepared as a student project in partial fulfillment of the requirements of the professional development for Outdoor Recreation Management Program at Clemson University. It in no way reflects USDA Forest Service policy, nor are the opinions expressed those of anyone other than the author.



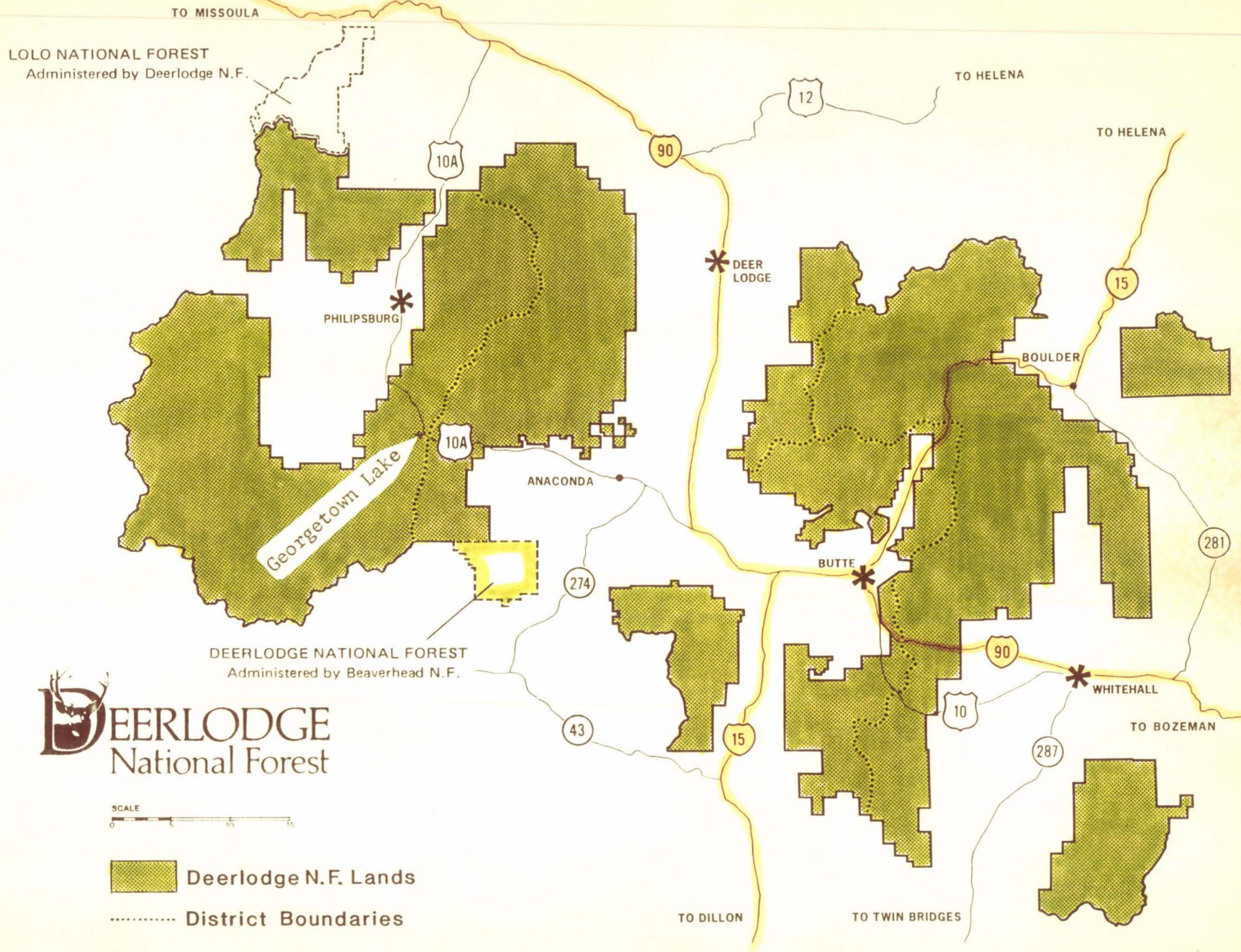
LEGEND

 Deerlodge National Forest

 Interstate Highway System

SCALE IN MILES

0 10 20 30 40 50



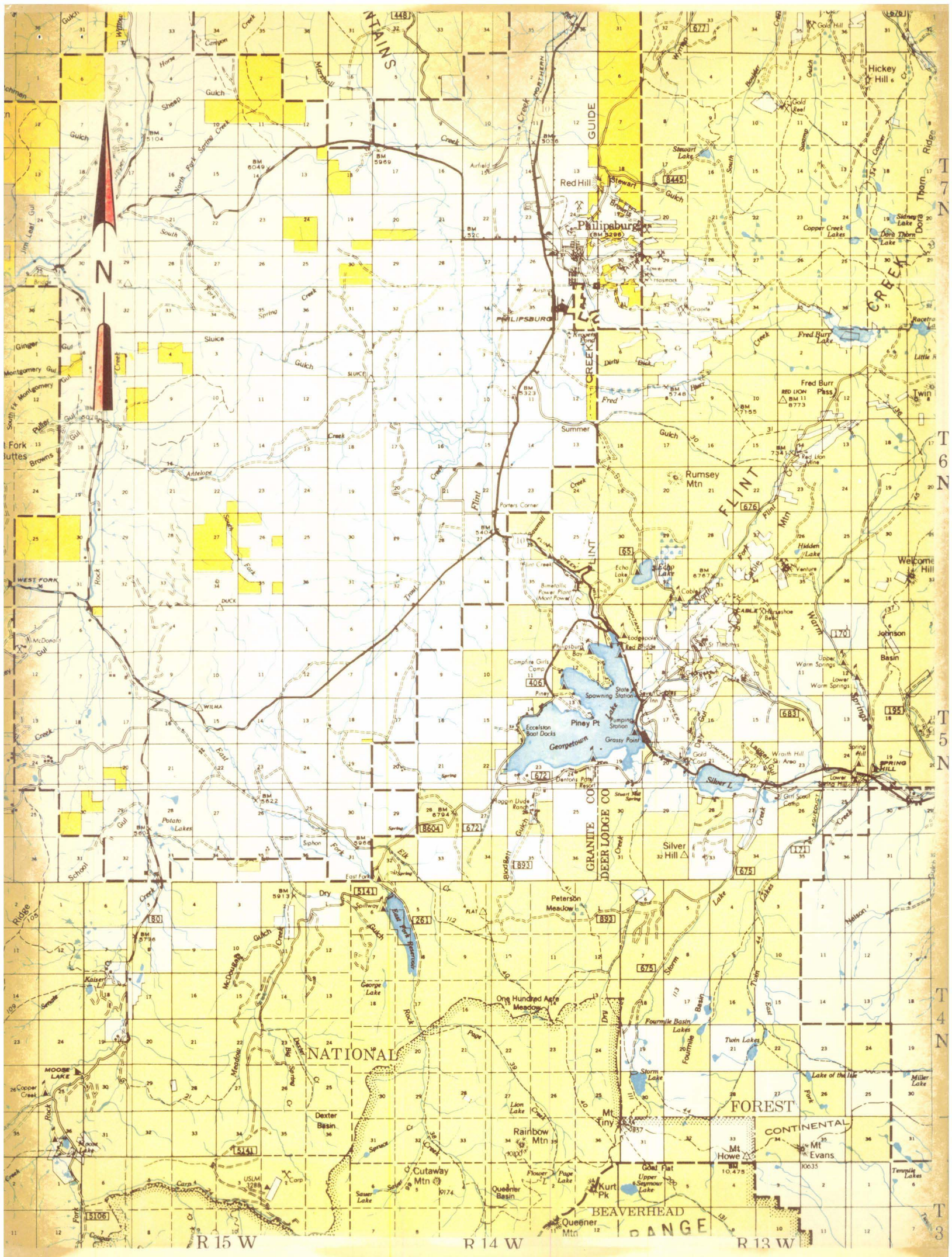


TABLE OF CONTENTS

	<u>Page</u>
Table of Contents	ii
Abstract	iii
Executive Summary	iv
Introduction	1
Background	1
Land Exchange Process	4
Project Implications	7
Data Gathering	8
Discussion	9
Analysis	13
Bibliography	14
Appendices	15

ABSTRACT

AUTHOR

William R. (Bob) Barwick
Realty Specialist
Deerlodge National Forest
P.O. Box 400
Butte, MT 59701
Telephone No. (406) 496-3400

TITLE

Recreation Residences - The Management Options

ABSTRACT

This paper explains and outlines a land exchange project on the DeerLodge National Forest. Included within the paper is a study of the economic value associated with the exchange. Forest lands in the exchange consist of **969.67** acres, on which are located **91** recreation residences. Private exchange lands consist of **910** acres of undeveloped lake-shore properties that have high wildlife and recreation values.

Over the past 10 years, the Forest Service has worked closely with the recreation summer home owners. Most of the residences are located at Georgetown, Echo, Moose, Kaiser, and Silver Lakes. Additional recreational residences are located up Warm Springs Creek and at the old town of Princeton. Since serious discussion of this exchange started, the cabin owners have developed a summer home owners' association. This association, in turn, has been working with the Deerlodge Forest to develop a method by which they could acquire ownership of their recreation summer home lands/lots. In 1989 Mr. Dennis Washington of Washington Corporation, offered his undeveloped lake properties for the Forest Service' recreation summer home lands.

The Forest Service accepted the offer subject to the agreement of the recreation summer home owners, Mr. Washington, and the Forest Service to the appraised land values; and that the summer home owner's association agrees to accepting permanent, unrestricted public easement to all the lake shore lands that would come into their ownership.

Included in this paper is a study of the total rental fees returned to the U.S. Treasury and the total of all Forest Service management costs to administer the Forest recreation residence program.

This study indicates the recreation residences have returned fees to the U. S. Treasury totaling **\$406,444** over the past ten years.

Overall management costs to maintain and manage the recreation residence program for the past ten years were **\$459,380**. The average cost was **\$45,938** per year.

The difference between the recreation permit receipts and the Forest Service administrative costs shows a net loss of **\$52,936** for the ten-year study period.

Assuming the Federal lands were liquid assets that could be placed in an interest-bearing account, what would be the rate of return to the U. S. Treasury? With the Federal land valued at \$1.1 million, the Forest Service received a negative five percent return on this large investment for the ten year period.

In the remaining eight-year fee period to follow, which ends in 1999, the Forest Service will receive a two percent return on the investment at the current appraised value. This does not take into account any projected increase in value of the land over the coming eight years.

As determined through personal interviews, the public believes the exchange project is a positive approach to enhance the existing recreation opportunities. The Montana Department of Fish, Wildlife and Parks and the interviewed public also agree that fish and wildlife habit would also be enhanced.

EXECUTIVE SUMMARY

AUTHOR

William R. (Bob) Barwick
Realty Specialist
DeerLodge National Forest
P.O. Box 400
Butte, MT 59701
Telephone No. (406) 496-3400

TITLE

Recreation Residences - The Management Options

SUMMARY

Deerlodge National Forest personnel are working with the recreation summer homeowners to explore different options that might work to facilitate their ownership of the lands on which their homes are located.

The history, data collection, and public comments, to date, along with the outline of a process that will be followed to develop additional data, are set forth in this paper. Through analysis of that data, management options will be developed.

INTRODUCTION

The DeerLodge National Forest currently has a total of 129 recreation residences and 12 isolated cabins (a total of 141 recreation cabins).

During the 1981 permit fee adjustment period, there was a loud cry of protest from the owners of the recreation cabins in regard to the new higher land use fee. At that time, the cabin owners wanted to know, "Is there any way in which we can acquire ownership of the Federal land on which our cabins are located?" The answer to that question was that under current laws and regulations, land exchange provides the only vehicle through which there might be a possibility to provide this opportunity to the cabin owners.

This research was undertaken to explore and develop a process by which data could be obtained and evaluated to aid in management's decision on whether or not to proceed with a land exchange.

BACKGROUND

In 1981 the Deerlodge National Forest made an appraisal of all its cabin sites. The appraisal was part of the five-year recreation cabin land value and permitted use fee adjustment.

During that time, each U.S. Government cabin site lot was valued by using private cabin site lot sales. Values were determined by finding private cabins that recently sold on the open market and which closely resembled in size and features the government lots. The private lot selling price was then adjusted up or down, using standard appraisal guidelines to arrive at a value for the government lands.

Once the lot value was determined, the yearly rental fee was calculated at five percent of the lot value. The new determined fee would then be in effect for the following five-year period. During this '81 permit fee adjustment period, the recreation cabin owners were given an opportunity to participate in the process.

At the time the new fee review period was being conducted, some recreation summer homeowners expressed their desires to acquire ownership of their lots, because of the large increase in the fees.

During this period, the summer home owners came together and formed a summer home owners' association. Forest lands and Ranger District personnel met with and assisted in the development of the association.

Since the 1981 fee adjustment, there have been a number of changes in U.S. Forest Service Management, Permitting and National Fee Policy standards. These changes added to the uncertainties and fueled the desires of the home owners to acquire their summer home lands.

In 1989, an opportunity presented itself to the Forest Service and the recreation residence owners. Through the land exchange process, certain private, unimproved lake-front properties were offered in exchange for the Forest Service's recreation summer home sites. The exchange would affect 91 of the Forest Service's 141 recreation cabins. Federal lands the cabins occupy would be traded on an equal land value for land value basis for private lands. The people of the United States would acquire prime, undeveloped lake frontage properties that offer a diversity in recreation opportunities, and include important wetland areas, for both aquatic and nonaquatic wildlife.

When the proposal was brought before the cabin owners' association, the owners voiced their support. The Forest Service was then made aware of the cabin owners' concerns: (1) How much would cabin owners have to pay for each of their lots? and (2) some cabin owners might not be able to buy their lots at any price. The Forest Service was also aware that the general public might not like the idea of being denied access to the lake area in front of the cabins.

In addressing the land value amount, the Forest Service and Dennis Washington (President of the Washington Corp.) contracted for a preliminary appraisal of both the private and Federal lands. The report was completed the first of May 1991. Once the report has been reviewed and agreed upon by both Dennis Washington and the Forest Service, it will be viewed by the cabin and home owners.

The issue of public access to the lake was presented to the cabin owners' association. At this time, the association feels there will be no problem with preserving public access.

In pursuing this exchange proposal, the Forest Service has worked with the Montana Department of Health and Environmental Sciences and the U.S. Bureau of Land Management. The Health and Environmental Sciences Department was contacted to clear up any problems dealing with state subdivisions and sanitation laws. The Bureau of Land Management was contacted to smooth out land conveyance problems.

LAND EXCHANGE PROCESS

This land exchange differs from the norm in that it is the Recreation Residence Association's land exchange. The main drive behind this project is the summer home owners' desire to acquire their recreation summer home lands/lots.

The Forest Service desires to comply with their request, and to study the potential benefits to the Forest Service of the exchange. The Forest Service will respond back to the association with facts, figures, and definitive Forest Service policy on a decision of whether or not to proceed with the exchange.

The land exchange process, with its public involvement and resource investigation, offers a good guideline to developing data to support a decision.

The exchange is split into two factions:

1. Recreation Residence Association duties and responsibilities, and
2. Deerlodge Forest Duties and responsibilities.

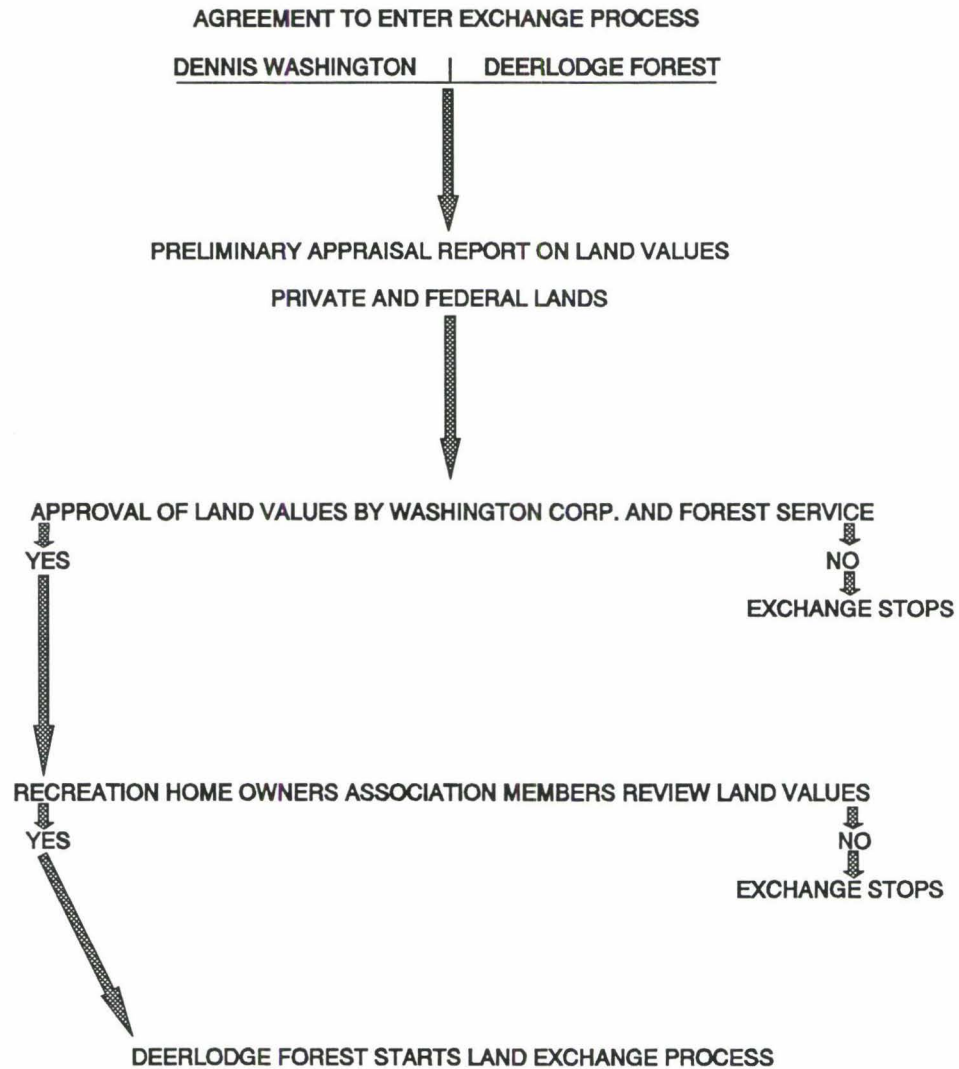
The duties and responsibilities of the Association are to:

- a. Keep all members up-to-date as to the exchange process.
- b. Develop zoning covenants to maintain the historical use of the area once private land ownership is achieved. This includes standards for cabins, boat docks, garbage and area clean-up, and covenants to meet county and state environmental and zoning requirements.
- c. Financing for those having trouble getting funds to acquire their lands. The association will investigate the possibilities of setting up a leasing program (leasing to buy) for those members who cannot afford to buy their lots at this time.
- d. During the land value reviewing period, conduct a poll to determine those in favor and those opposed to the exchange.
- e. Have association representatives at all general public and county information forums.

Deerlodge Forest duties and responsibilities are to:

- a. Complete preliminary appraisal report, get concurrence to the values from Mr. Washington, and deliver the land values to the summer Home Association for review.
- b. If all three parties agree to the values, implement the exchange process.
- c. Conduct public meetings to keep the association informed as to the research data collected. At the end of the exchange process, report as to the final decision on whether to complete or not complete the land exchange.

LAND EXCHANGE ACTION FLOW CHART



During the exchange process, the issue of permanent, unrestricted public access to the lake shore areas must be agreed to by the summer home association. If not, the chances for project success will be limited.

PROJECT IMPLICATIONS

The implications, both pro and con, to the Forest Service and the summer homeowners at this stage of the exchange, can only be estimated.

A. DeerLodge Forest Estimates Gains and Losses

Gains

1. Undeveloped wetlands - wildlife habitat
2. Adding 910 acres of unencumbered lands with high recreation values
3. Reduced Forest Service permit administrative cost
4. Increase public lake area access through acquisition of the unencumbered lands and by maintaining unrestricted public access to the lake on the lands going to the homeowners.
5. Decrease administrative cost
6. Improved Forest Service public relations by working with the public and cabin owners, demonstrating the Forest Service's willingness to review and address the issues.

Losses

1. The administration of the recreation summer home program
2. Future permit fees

B. Recreation Summer Home Owners

Gains

1. Increased value of their improvements
2. No worries with Forest Service policy and administration changes

3. No worries regarding possible permit transition
4. The possibility to govern, through the association, their own affairs.

Losses

1. At this point the association can only see gains in moving out of their permitting situation. Only foreseeable loss would be an increase in their property taxes.

C. National

The question of national implications can only be speculated at. It is the feeling of this investigator that if this project is successful, it will receive close scrutiny from the National Summer Homeowners Association. It will give hope to those homeowners who wish to own their homesites. If this project is completed with the transfer of the lands, it may well be the standard for other such exchanges to follow. The summer homeowners will also have a standard and will be aware of what concessions they will be expected to make.

By retaining and protecting the public's access, the general public will look more favorably on this type of land trade opportunity.

DATA GATHERING

In working toward understanding the economics and the recreation opportunities generated by the project, the following data were gathered from Forest Service Supervisor's and Ranger's District office files.

Each of the 91 recreation summer home files was reviewed, and the following information was noted:

1. Recreation summer home use fees collected by location and name. Fees collected per year for the ten-year period from 1981 to 1991.
2. Names and addresses of each of the permittees and the amount of time the permittees have held their recreation residences.
3. Land lot values, the basis for determining the base fee amount.
4. Forest Supervisor and Ranger District office recreation administrative costs were determined. Costs included labor to perform annual field permit compliance inspections, report writing, permit transfers, annual fee calculation cost, annual billing and mailing cost, materials, and office file up-keep expenses.
5. A public recreation use survey was conducted. The survey was performed to determine preferred recreation activity and to determine if the proposed land exchange would affect current usage.
6. The contract appraiser for the exchange was interviewed. The interview was conducted to gather past and existing land value. The values were needed to help determine the net dollar return on the land value investment.

DISCUSSION

Once the data was collected, the ten-year average administrative costs were taken away from the yearly fees collected. This was done to determine those years of monetary profit and loss for the Forest Service.

For the years 1982 through 1988, the Forest Service spent more funds in administrative costs than it received in yearly recreation fees. Losses ranged from \$1,001 in 1983 to \$18,167 in 1985-1987. Each year from 1982 through 1988 showed a deficit. Net gains from 1989 through 1991 ranged from \$6,430 in '89 to \$21,927 in '91.

The 1991 profit figure of \$21,927 marks the beginning of the fee stabilization period. Now that the new recreation permit and fee structure is in place, profits back to the United States will range in this area until the new base fee determination in 1999. Figuring the average year's profits at \$22,000 after administrative costs, the annual return on \$1,100,000 land investment will be two percent per year for the remaining eight years.

Those years showing losses were reflective of the changes in fee policies, new permit implementation and congressional fee curtailment.

During the past ten years, however, the total collected by the Forest Service was \$406,444 in fees. A total of \$459,380 was spent to administer the recreation program, resulting in a net loss to the Forest Service of \$52,936.

The 1982 combined land values of all the recreational summer home lots in the study was \$959,200. From 1982 until the present, it was estimated that these lots have increased in value by 12 percent. This would indicate a total value of \$1,047,304, rounded to \$1,100,000 for all the recreation summer home lots in the exchange.

The 12 percent land value increase from the 1980-1991 appraisal period on the surface seems small. Through property valuation research, land values hit a peak during the '79 to '82 period. In general, recreation land values leveled out from '82 until '87/'88 with no measurable increase. The year 1988 saw the start of a gradual increase on an average of 4 percent per year. With the current recession, values are once again leveling off.

During the '82 through '91 study period the Forest collected a total of \$406,444 in recreation summer home fees. Administrative cost estimations for the same time period came in at \$459,380. The difference between the fees collected and the administrative costs showed a deficit of \$52,937. Dividing 1982 land values of \$1,100,000 into the \$52,937 administrative costs shows a 4.8 percent land investment lost on the average for the past ten-year period.

The study has researched the cash flow in and out-of-pocket that could be defined through office record research and best guess; the best guess being the amount taken from other funded Forest activities that support the program during low administrative funding periods.

Field surveys were conducted to determine the types of recreation use; the seasons of uses, and their relationship to the recreation activities enjoyed; and what the individual cabin owners thought about the land exchange. Was keeping a public easement to the lake shore in front of the summer homes important? Would the cabin owners like to see the land exchange completed or stopped? Field research was conducted through interviews in the field, by phone and at public meetings.

The survey was conducted during the winter months, with 43 percent saying they used the lake area year round. It seems the figures leaned more toward winter use than normal. If there had been time for a summer inventory, a higher recreation use for that time of year would probably have been recorded.

A total of one hundred twelve (112) people were interviewed. Of those interviewed, 53 percent were males and 47 percent were females. Of the 112 interviewees, the following were the age groups:

<u>Percentage of Interviewees</u>	<u>Age Group (Years)</u>
18	12 - 19
26	29 - 29
34	30 - 39
22	40 and over

From the interviews, the primary year-round activities were fishing, camping and hiking. Hiking covered a wide range of activities, such as bird watching, nature photographing, picnicking and just plain old exercising.

1. Fall activities centered around fishing, camping, hunting and hiking, with some boating, water skiing and wind surfing.
2. Winter activities included fishing, snowmobiling, cross-country skiing, along with some camping, hiking "on snow shoes," and hunting.
3. Spring recreation includes fishing, camping, hiking, some snowmobiling and cross-country skiing and the start-up of the boating, water skiing and wind surfing.
4. Summer brings on all the water related activities, such as fishing, boating (both motor and sailing), swimming, water skiing, wind surfing, jet skiing, underwater diving, camping, hiking and some hunting.

The final question asked of the interviewees was about the land exchange. The question being, "In your opinion, would the exchange improve, not negatively affect, or reduce the overall recreation activities?"

Eighty-eight percent believe that there would be an improvement in the recreational opportunities. Twelve percent thought there would be no change. The remaining three percent were not sure or did not care to give an opinion.

The feelings of all interviewed were that maintaining a public easement to the lake, keeping the historical public access to the lake in the recreation residential area was important.

When conducting the interview, the investigator tried to keep a 75 to 25 percent balance between members of the general public and recreation summer homeowners. This was done to get the general public's feelings (those folks without a financial interest in the outcome of the exchange and those with).

ANALYSIS

After compiling and reviewing the data and talking with the public, it is the conclusion of the researcher that it is impossible to put a monetary value on the recreation experience.

The land exchange would not create different recreational opportunities. It would, however, enhance the recreation experience by spreading the public over a large beach area.

It will increase the public's legal access to the Georgetown Lake shore area while protecting public access to Kaiser, Moose, Silver, and Echo lakes. While the Forest will be retaining public access to and along the shore on the government properties going to private ownership, the off-lake areas the public is currently enjoying access to will also remain available.

The Forest Service and the people of the United States are currently receiving a small return on their valuable land investment. The recreation residences constitute a valid recreation use of national Forest land, yet these are uses from which the general public is excluded.

It is the conclusion of the researcher that the exchange option is valid and the rewards of its completion will be shared by all.

The option of no change will maintain the current situation for the homeowners. There is, however, a danger in not pursuing the exchange option. The private lands are currently on the market for sale. It is not within the scope of this paper to speculate what would happen to the quality of the recreation experience if these lands were sold and developed, bringing additional residential pressure to this area.

BIBLIOGRAPHY

"Recreation Residences - The Management Options" is an original research paper.

The information presented in this report was gathered from the Deerlodge and Philipsburg District and Forest Supervisor offices.

A. Deerlodge and Philipsburg Districts, District Resources File

1. Recreation permit fees paid during the ten-year period FY82 through FY91.
2. Administrative cost to manage the on-the-ground inspection for permit compliance, billings for fee collections and Forest planning for future recreation residence administration.

B. Forest Supervisor's Office, Deerlodge National Forest, Forest Resources files.

1. Administrative cost of Forest recreation specialist, realty specialist and resource clerk.

C. Appraisal Report

Prepared by Paul B. Tittman and Betsy A. Tarrant, February 19, 1980. Land appraisal report of the recreation residences on Georgetown, Echo, Kaiser, Silver Lake, Deerlodge National Forest and Twin Lakes, Beaverhead National Forest.

APPENDICES

**GAINS AND LOSSES - LAND EXCHANGE BETWEEN
U.S. FOREST SERVICE AND WASHINGTON CORPORATION**

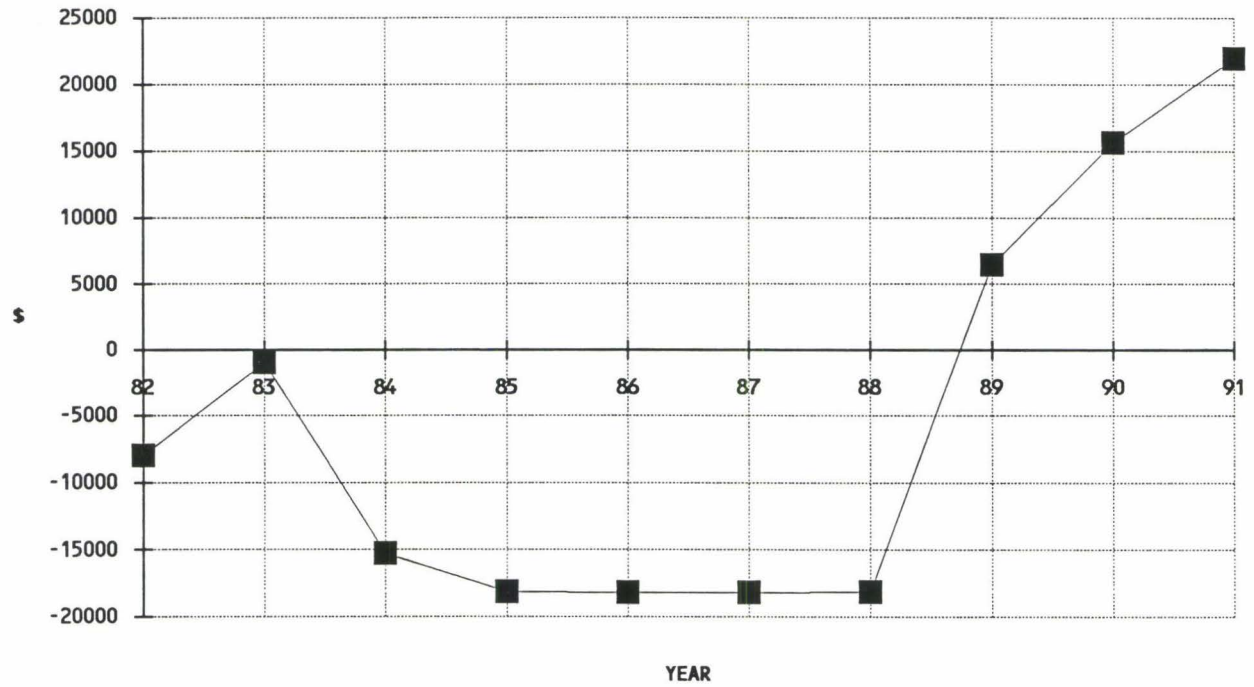
Gains

1. 910 acres undeveloped lands
2. Undeveloped wildlife wetlands
3. Lands with high recreation values
4. Retain public access to 969 acres of trade lands
5. Decrease administrative cost
6. Improved public relations

Losses

1. 969 acres developed lands with cabins, powerlines, roads, etc.
2. Administration of recreation summer homes
3. Future permit fees

ADMINISTRATIVE COST COMPARED TO RENTAL FEES COLLECTED
TOTAL DOLLARS LOST OR GAINED PER YEAR



TOTAL FEES PER YEAR											Total for 10 Years	Land Values 1981
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991		
Georgetown	16,263	17,117	13,446	13,333	13,393	13,393	13,393	21,011	23,976	26,572	\$171,897	\$378,780
Kaiser	310	342	306	306	306	306	306	459	485	610	\$ 3,736	\$ 7,500
Moose	9,209	12,359	5,124	4,184	4,184	4,184	4,184	13,709	17,771	19,548	\$ 94,456	\$245,300
Echo	8,756	10,736	8,609	6,814	6,814	6,814	6,814	12,207	13,155	14,542	\$ 95,255	\$225,820
Princeton	1,800	1,800	1,530	1,530	1,530	1,530	1,530	2,150	2,306	2,456	\$ 18,162	\$ 36,000
Warm Springs Creek	1,268	2,193	1,224	1,220	1,154	1,154	1,177	2,422	3,418	3,627	\$ 18,857	\$ 58,000
Silver Lake	351	390	390	390	390	390	390	416	464	510	\$ 4,081	\$ 7,800
Total Fees for all Summer Homes per year	37,959	44,937	30,629	27,777	27,771	27,771	27,793	52,368	61,575	67,865	\$406,444	\$959,200
Administrative Costs	\$45,938 per year average X 10 years =										\$459,380	
Dollars Lost or Gained Per Year	-7,981	-1,001	-15,309	-18,161	-18,167	-18,167	-18,145	+6,340	+15,637	+21,927		
Percent Per Year	-.008	-.001	-.0159	-.0189	-.0189	-.0189	-.0189	+.006	+.016	+.022		

Total administrative cost for the past 10 years ('82-'91) = \$ 459,380.00

Recreation summer home fees collected ('82-'91) = \$- 406,444.00

Net loss in administrative cost = \$ 52,936.00

LAKE RELATED RECREATION ACTIVITIES OF 112 INTERVIEWEES

Type of Use	Fishing	Swimming	Hiking	Boats Sail/ Motor	Water Skiing	Camping	Jet Skiing	Hunting	Wind Surfing	Under water Diving	Cross Country Skiing	Ice Skating	Snow Mobiling	Total of All Uses
Summer	60	54	64	70	43	33	16	23	28	8	0	0	0	399
	15%	13%	16%	17%	11%	8%	4%	5%	7%	2%	0	0	0	
Fall	68	45	58	54	38	34	11	31	21	10	0	0	0	370
	18%	12%	15%	15%	10%	9%	3%	8%	6%	3%	0	0	0	
Winter	52	0	25	0	0	22	0	24	0	0	63	19	34	34
	22%	0	10%	0	0	9%	0	10%	0	0	26%	8%	14%	
Spring	66	38	52	55	36	31	7	20	21	9	0	0	0	335
	19%	11%	15%	15%	10%	9%	2%	6%	6%	3%	0	0	0	
TOTAL PER ACTIVITY	246	137	199	179	117	120	34	98	70	27	63	19	34	1,343

RECREATION RESIDENCE QUESTIONNAIRE

TOTALS

1. Male 59 Female 53

2. Age Grouping:

12 to 19	<u>21</u>
20 to 29	<u>29</u>
30 to 39	<u>38</u>
40 and up	<u>24</u>

3. Recreation - Season and Activity Type:

Summer:	Boating == Sailing	<u>24</u>	Motor	<u>46</u>	Fishing	<u>60</u>
	Under Water Diving	<u>8</u>	Water Skiing	<u>43</u>	Swimming	<u>54</u>
	Wind Surfing	<u>28</u>	Camping	<u>33</u>	Hiking	<u>64</u>
	Hunting	<u>23</u>	Jet Skiing	<u>16</u>	Other	<u>5</u>
Fall:	Boating == Sailing	<u>14</u>	Motor	<u>40</u>	Fishing	<u>63</u>
	Under Water Diving	<u>10</u>	Water Skiing	<u>38</u>	Swimming	<u>45</u>
	Wind Surfing	<u>21</u>	Camping	<u>34</u>	Hiking	<u>58</u>
	Hunting	<u>31</u>	Jet Skiing	<u>11</u>	Other	<u>4</u>
Winter:	Hiking (Snow Shoe)	<u>25</u>	Camping	<u>22</u>	Fishing	<u>52</u>
	Cross County Skiing	<u>63</u>	Snow Mobiling	<u>34</u>	Hunting	<u>24</u>
	Ice Skating	<u>19</u>	Other	<u>2</u>		
Spring:	Boating == Sailing	<u>16</u>	Motor	<u>39</u>	Fishing	<u>66</u>
	Under Water Diving	<u>9</u>	Water Skiing	<u>36</u>	Swimming	<u>38</u>
	Wind Surfing	<u>21</u>	Camping	<u>31</u>	Hiking	<u>52</u>
	Hunting	<u>20</u>	Jet Skiing	<u>7</u>	Other	<u>4</u>

4. Do you feel the Forest exchanging the recreation summer Home lots for undeveloped lake front would:

Damage 0 Improve 99 Unchange 13

the lake area related recreation activities?

5. Would keeping an easement for public access to the lake shore crossing exiting government lots be important to you?

Yes 84 No 6 No Option 22

6. What direction would you like to see the land exchange go?

A.	Agree to seeing the land exchange completed	<u>87</u>
B.	Not agree to the land exchange	<u>1</u>
C.	Have no opinion	<u>24</u>